

UNCLASSIFIED

RECORD

101-1024-434

70619

~~Country Development~~  
~~Strategy Statement~~

FY 1989

PROGRAM STRATEGY  
UPDATE

BURUNDI

- CAT 3

March 1987



Agency for International Development  
Washington, D.C. 20523

UNCLASSIFIED

\*\*\*\*\*

THIS STRATEGY STATEMENT HAS BEEN PREPARED BY THE  
A.I.D. FIELD MISSION. IT IS PREPARED ANNUALLY AND  
USED FOR PLANNING PURPOSES IN THE FIELD AND IN  
WASHINGTON. IT DOES NOT REPRESENT OFFICIAL AGENCY  
POLICY;

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*\*

\*\*\*\*

\*\*

.

## Burundi Strategy Issues

### 1. Population: Should More be Done?

Although Burundi has promulgated a strong population policy, implementation of population and family programs is weak. Population growth has been identified as a major development problem in Burundi. In the near term USAID/Burundi does not have the staff or program resources to do more than draw on central and regional resources to address this problem. In the longer term USAID/Burundi hopes to identify bilateral activities which A.I.D. can support beginning in FY 1989. Does this planned approach represent sufficient and timely attention to the population issue? If the government does not respond favorably to A.I.D.'s initiative, should A.I.D. re-assess its out-year bilateral assistance levels, or make support in other areas conditional on movement in population?

### 2. Enterprise Development: Feasible and Realistic?

USAID/Burundi has proposed employment growth through private enterprise development and policy reform as a complementary and supportive program element. There will be an initial focus on training and policy analysis (funded by the HRD project), perhaps building to a performance-oriented reform program. Is employment and private enterprise appropriate as a complementary element? If so, is the initial level of involvement too heavy or too light? Is it reasonable to be thinking about developing a performance-oriented reform program in one or two years?

### 3. More Emphasis on Natural Resource Management?

Burundi's natural resource base is deteriorating rapidly. In the past, A.I.D. has supported activities in forest preservation and alternative energy which are now drawing to a close. Should natural resource management be given more prominence in USAID/Burundi's strategy? In particular, should A.I.D. consider specific follow-on activities in forest preservation and peat energy production? As an alternative, USAID proposes to work natural resource management concerns into the program by drawing on A.I.D.'s regionally-funded agroforestry research activity with the International Council for Research on Agroforestry. Is this an appropriate level of effort?

### 4. The Problem of Infrastructure.

In the past, A.I.D. has provided substantial assistance in support of rural roads and housing in Burundi. These activities have been well-received and relatively successful and new proposals from the Ministry of Public Works are now pending in both areas. The Strategy Update concludes that A.I.D.'s resources are best spent in support of other objectives: lowering the population growth rate, improving agricultural productivity, and fostering employment growth. Is there a case for further investment in infrastructure?

5. Is The Strategy Manageable?

USAID's strategy proposes to actively pursue policy-based programs in two spheres--economic growth (including agriculture and employment/income generation) and population. At the same time, the Mission is bringing old projects to an orderly conclusion, managing continuing projects, and initiating a new HRD project. Will the new design and implementation workload in agriculture and enterprise development stretch Mission management capacity too far? Are resources, including both personnel and funding, adequate? Will required support for design and implementation be available from REDSO/ESA, from AID/W?

6. What Level of Policy Linkage is Appropriate?

This strategy proposes the development of a policy-based program in support of economic growth and population, against the backdrop of the IMF and World Bank's on-going macro-economic reform program. USAID/Burundi will continue to be supportive of these reform efforts, and will concentrate on identifying sectoral constraints with a view toward developing sectoral policy reform agendas. To what degree and, even more importantly, how should the Mission link its on-going and planned projects to achievement of policy reform targets?

7. Is The Strategy Realizeable in the Short Term?

Many of A.I.D.'s current activities are coming to a close now or in the next 12 months. Some of these activities--Peat II and Forestry in particular--provide substantial resources in support of on-going government-sponsored programs. When these activities end, the cessation of support will be felt very directly. Burundian expectations are high. This underlines the need for this Strategy Update to be effectively implemented within the next 12 to 18 months. Is the series of necessary "next steps" laid out in the Strategy Update realistic and feasible?

USAID/Burundi

Program Strategy Update, 1987

	<u>Page</u>
<u>Introduction</u>	
<u>Part I: Analysis</u>	1
A. The Setting	1
B. Coping with Structural Adjustment	1
C. Basic Problems of Development in Burundi	2
1. Faltering Agricultural Production	3
2. Slow Employment Growth and Weak Private Enterprise	4
3. Rapid Population Growth	5
<u>Part II: Strategy</u>	6
A. A Focus on Fundamentals	6
B. Increasing Agricultural Production	6
C. Fostering Employment Growth through Private Enterprise	7
D. Promoting A Population Program	8
E. A Foundation in Training	9
F. Staffing and Management Implications	9
G. Next Steps	9
<u>Annexes</u>	
A. USAID/Burundi Portfolio	11
B. Other Donor Programs	12

## Introduction

The A.I.D. bilateral program in Burundi began in FY 1978, and expanded rapidly during the period 1980 to 1983. A series of activities supported seed production, forest preservation, agricultural research and extension, alternative energy, rural roads, rural water supply, family planning, childhood disease control, manpower development, and child nutrition. The appropriateness of this program was assessed in a 1985 Program Review, which recommended a much greater degree of concentration. Consequently a number of steps have been taken to slim down the program: three activities were completed by the end of 1986, and three more will be terminated by the end of 1987.

The 1985 Program Review suggested that USAID/Burundi focus primarily on agricultural development, but noted also that additional activities in population or private enterprise could be considered once the program had been trimmed back. However, the 1985 effort was not intended to substitute for a thorough strategic assessment of development options in Burundi. In late 1986 USAID/Burundi initiated an assessment of development problems and priorities in Burundi, building on and consistent with the ideas developed in the 1985 review. This Strategy Update presents the results of this assessment, adapting where appropriate lessons learned from previous years of A.I.D. involvement.

The program strategy outlined here focuses on Burundi's fundamental development problem: attaining economic growth in the face of rapid population increase on a limited resource base. This means working closely with other donors to tackle Burundi's needs for increased agricultural production, employment and income growth, and a reduced population growth rate. Effective responses demand action in the arena of policy, as well as specific supportive programs. Burundi is managing its structural adjustment better than most African nations but will require assistance and expert advice to realize its objectives. A.I.D. can provide these contributions and, with appropriate conditionalities, can help improve performance in select areas of the public and private sectors. This Strategy Update outlines both program directions and policy objectives.

## Part I. Analysis

### A. The Setting

Landlocked Burundi is one of the least developed nations in the world. It has the second highest population density in Africa, with a rapidly-growing population of 4.9 million crowded into a mountainous region the size of Maryland. Agriculture is the mainstay of the economy, contributing about 60% of GDP, 85% of employment, and 90% of exports. Population pressure on the land and declining per capita food production have resulted in environmental degradation and food shortages; at the same time, alternative employment opportunities in the formal and informal sectors are meager, so there is growing unemployment and under-employment. Declining prices for the major export crop (coffee) and other structural problems have seriously impaired economic growth.

Faced with these difficulties, the Burundi government has demonstrated a willingness to address its structural problems, leading in mid-1986 to major financial support from the IBRD and IMF in implementing one of the most comprehensive policy reform packages in Sub-Saharan Africa. Political strains growing out of historically difficult ethnic relationships and an expatriate-dominated commercial sector remain evident, but in general the government has a prudent, conservative, and pragmatic approach to national economic development.

### B. Coping with Structural Adjustment

From 1978 to 1982, Burundi experienced a period of relatively impressive growth that was fueled by increases in coffee export prices, public savings, and foreign assistance. During these years real GDP at factor cost grew an average 5.2 percent per year, manufacturing value added increased at about 13 percent per year, and investment as a percentage of GDP rose to 14 percent. Solid progress was made in expanding basic infrastructure and education. But the industrial growth was oriented toward a small domestic market, and a protectionist environment favored inefficient enterprises—including public enterprises heavily dependent on the government. Export earnings remained narrowly based on coffee, and were outrun by import growth generated by rapid increases in domestic consumption and investment. The government resorted increasingly to administrative controls to manage the economy, leading to distortions.

Burundi's economic and financial position deteriorated rapidly during the period 1982 to 1985. Growth of GDP was low, budget deficits were sizable, external current account deficits increased, external debt increased sharply to three times annual export earnings, and domestic prices rose rapidly.

In 1984 the Burundi government began negotiations with the IMF and IBRD, leading to a comprehensive reform package signed in mid 1986, which provides \$50 million through an IBRD Structural Adjustment Credit, \$24 million through the IMF's Structural Adjustment Facility, and a \$25.1 million IMF standby arrangement. The program encompasses significant measures to lower the overvalued foreign exchange rate, remove import and exchange controls, improve the tariff structure, increase incentives for

agricultural production (especially exports), adjust the public investment program, abolish or improve the management of parastatals, impose restrictive fiscal and monetary policies, and make real interest rates positive. The overall aim of the program is to put Burundi's economy on a development path which will reduce the present dependence on coffee and lay the basis for sustained, diversified growth, with more reliance on market forces and an outward orientation.

Missions from the World Bank and the IMF visited Burundi during November and December 1986 to assess progress in implementing the structural adjustment program. The available portion of the first \$25 million tranche of the Structural Adjustment Credit was disbursed by 1 January 1987. Four parastatals have been shut down, and five others are being restructured. The Bank is satisfied with progress made during the first six months, although it has expressed concern that the government's "Burundization" program (to replace expatriates with Burundi nationals in the private sector) is counter to the spirit of the reform program and likely to reduce its effectiveness.

The government has also met most of the IMF's stabilization targets; the currency was devalued by 23 percent between July and December and a further 2 percent devaluation is imminent. But the program has been placed in jeopardy by a major shortfall in coffee earnings, which will likely result in a renegotiation of the targets of the stabilization program and standby agreement in early 1987. In recognition of the problems posed by the falling price of coffee, the Bank plans to augment the second tranche of the structural adjustment loan by \$20 million, and further donor support is being sought.

Burundi's current inability to meet IMF reform targets underlines the need for structural reform, and points up as well the practical difficulty of implementing a major reform agenda. It will take years, not months, to implement economic reform and diversification in Burundi—a long-term perspective that the World Bank has adopted, and that USAID/Burundi endorses.

### C. Basic Problems of Development in Burundi

Burundi's dominant development problem during the coming decade will be to attain economic growth in the face of rapid population increase on a limited natural resource base. This means:

-- Increasing agricultural production through improvements in agricultural services and productivity;

-- Encouraging the growth of private enterprise to help provide productive employment and incomes for the increasing numbers of people who will not be able to make a living by farming; and

-- Implementing an effective population policy and family planning program.

These areas of concern are discussed below.



## 1. Faltering Agricultural Production

Agriculture is Burundi's most important economic activity, providing direct employment for 80-85% of the population and indirect employment for most of the rest. Foodcrops are the mainstay of the rural economy, although export crops (mainly coffee) provide the substantial proportion of rural cash income, and about one-quarter of the farmers raise livestock. Agriculture also brings in over 90% of foreign exchange revenues--coffee usually accounts for about 85% of these earnings, and cotton, tea, and hides for the remainder. But Burundi's agriculture is in trouble. Soil fertility loss and soil erosion are serious problems. Average farm size is declining, and now stands at about 0.8 hectare. Foodcrop production may be dropping at an annual rate of 1%; from 1977 to 1982, per capita production fell by about 12%. At the same time, yields, total production, and export earnings from coffee have been unstable or declining. Despite significant foreign and domestic investment in agriculture, Burundi's ability to cope with these problems has been constrained by a number of factors:

- Government policies and programs have stifled rural investment, trade, and growth;

- National programs in support of agriculture have been fragmented and weakened by years of uncoordinated donor support for expensive area-specific development projects.

- Private sector input supply and marketing are weak;

- Agricultural statistics essential for the formulation of sound policies are weak or non-existent, as is the capacity to analyze them;

- The agricultural research system is relatively well-organized and well-supported, but inadequate attention has been given to food crops, the research agenda is not always relevant to the development problems of Burundi, on-farm research work is inadequate, and research results are not readily available to farmers; and

- Burundi's physical isolation makes all imported inputs extremely costly, reduces the attractiveness of high-input production technologies, and reduces the potential for export production.

There are however some important positive developments. The comprehensive structural adjustment program will go a long way toward encouraging agricultural growth and diversification. All foodcrop prices are currently market determined. For 1986/87 the government increased coffee and tea prices by 28 percent and 20 percent respectively, which raised these prices in real terms. Price controls and other restrictions on imports have been largely done away with; only about 5% of all imports (chiefly luxury items) are now controlled. With Bank assistance, the government is improving its capacity for agricultural policy analysis and planning. Related to this, Burundi officials have demonstrated an encouraging openness and willingness to collaborate in seeking solutions to the full range of problems in agricultural development.

A surprisingly dynamic element in the rural sector is Burundi's private cooperative movement. There are 289 cooperatives and seven regional unions present in 108 of Burundi's 114 communes. During 1984/1985, marketing activities grew by 32%, grain milling activities by 163%, and production-related activities by 311%. The cooperatives are financed in large part by members' share purchases and reinvestment of profits, with additional support from small donors. As many as 1.5 million people are involved with cooperatives either as shareholders or customers, and cooperatives appear to have an important future role to play in agricultural input supply and marketing.

## 2. Slow Employment Growth and Weak Private Enterprise

At current levels of population growth, about 60,000 people enter the labor force in Burundi each year. Caught between a rapidly-growing population and a limited natural resource base, Burundi needs major growth in non-farming employment opportunities to provide jobs for the increasing numbers of people who will be unable to make a living on the land. In 1980, formal sector employment accounted for about 115,000 people (six percent of the labor force), while the informal sector provided employment for an additional 290,000 (14 percent of the labor force). Currently no more than 5,000 new non-farming jobs are created annually, leading to significant un- and under-employment in both rural and urban areas. A number of factors have slowed employment growth:

- Government policies have inhibited domestic and foreign trade and investment, and have encouraged capital-intensive, domestically-oriented manufacturing;

- Financial institutions are not meeting the lending needs of the private sector, there is a paucity of alternative lending sources, and there is inadequate access to information about markets and technologies;

- There is a lack of skills in critical business areas such as financial management, inventory control, production cost calculation, personnel management, long range planning, and export promotion;

- The national market is highly restricted, being confined primarily to the urban centers of Bujumbura and Gitega;

- Imports and exports entail high transport costs, with frequent interruptions in supply;

- There are few exploitable natural resources, and Burundi has one of the lowest per-capita income levels worldwide.

The Structural Adjustment Program should have a profoundly positive effect on the conditions for employment growth by encouraging efficient allocation of economic resources, by improving prospects for domestic trade, and by facilitating exports. A further important step is proposed to be taken in April 1987 when major legislation is introduced to support the expansion of non-traditional exports through tariff and tax reform. The government, of course, must follow through with an appropriate level of support and encouragement for domestic and foreign business development, especially in the area of small and medium-scale enterprise where the bulk of employment growth will be found. One disturbing development in this regard is the government's program of "Burundization", which encompasses a number of measures designed to replace expatriate owners, managers, and workers with Burundi nationals. When this question is resolved, employment generation and small enterprise development will be prominent objectives for a "second generation" of policy-oriented lending.

### 3. Rapid Population Growth

Burundi's population was estimated to be growing by 2.6% per year in 1979. In 1986 the rate was estimated at about 3% per year, and the rate of increase will climb higher. About 42% of the population is under the age of 15, a structure which carries a high potential for future growth, and one survey indicated that the average rural family wants to have more children than it currently has (eight as opposed to six). Even if fertility rates remain unchanged, the current population of 4.9 million will grow to 7.3 million by the year 2000, adding an insupportable burden to a natural resource base that is already visibly stressed. Emigration has been negligible in recent years due to political and economic problems in neighboring countries. The effects of population growth are serious:

- Population density is the second highest in Africa--189 persons per square kilometer in 1986--leading to deforestation, soil erosion, and declining soil fertility;

- The population of Bujumbura is growing at five to eight percent per year despite strict government efforts to keep people in rural areas;

- Rural people are moving out of the productive highlands to less-populated lowlands that have limited capacity to support higher population densities; and

- The standard of living is declining and per capita expenditure on social services is falling.

Burundi has one of the most well-articulated population policies in Africa, but supportive programs are weak and uncoordinated. Government planning documents began to reflect concern about the implications of population growth in the late 1960's, and the Third Five-Year Plan (1978-1982) contained some elements of a population policy: birth spacing, population redistribution, use of demographic variables in development planning, and improvement in the status of women. The national political party (UPRONA) issued an important population policy statement in 1983, which directed the government to provide family planning services, public education, and improved demographic information. So far, however, the relevant government agencies have made few efforts to implement this emerging population policy.

Closely related to population policy is the question of maternal and child health care. Prenatal care is weak in Burundi--it was not provided at health centers until 1980. The percent of pregnant women covered is unknown, and there are only about 800 maternity beds nationwide for some 190,000 births per year. Post-partum care is rare. By contrast, child health care has been strengthened since 1980 with the assistance of UNICEF and A.I.D. in an expanded program of immunization. By 1983, it was estimated that 44% of children under five were fully immunized. In 1986 A.I.D. and UNICEF initiated follow-on activities in support of child immunization and oral rehydration therapy. Over time, improved child survival rates may help parents decide to have fewer children; but in the short- to medium-term, success in child survival will boost population growth rates. This underlines the importance of making progress in population and family planning programs.

## Part II. Strategy

### A. A Focus on Fundamentals

The program outlined here concentrates on a single fundamental problem: assisting Burundi to attain economic and income growth in the face of rapid population increase on a limited resource base. This means (a) increasing agricultural production through improvements in agricultural services and productivity; and (b) increasing employment and incomes by fostering private enterprise. An important complementary effort will pursue population policy and program development to the maximum extent feasible. A foundation for these mutually-supportive activities will be laid through carefully-targetted training investments. These strategy elements, which will be pursued in close collaboration with other donors, revolve closely around the problem of economic and income growth.

### B. Increasing Agricultural Production

A.I.D. will foster growth in agricultural production by helping to improve agricultural services and productivity. Two mutually-supportive areas of emphasis are involved: problem-based agricultural research, and private sector agricultural input supply and marketing. Each is outlined below.

Agricultural growth in Burundi is absolutely dependent upon the development of improved foodcrop technologies. More productive technologies are needed to reduce pressure on the land, increase rural incomes, release land for export crop production, and create the agricultural surplus needed for investment and growth in commerce and industry. But Burundi's National Agricultural Research Institute (ISABU) has not yet developed a problem-based agricultural research agenda focused on the needs of the farming population.

USAID/Burundi has already made several contributions in this area. The Small Farming Systems Research project, which is just starting, is the first institutionalized effort in ISABU to make the research agenda respond to farmers's problems. USAID/Burundi has also taken a lead position in encouraging collaboration with A.I.D.-funded programs of the International Agricultural Research Centers (IARCs). In the case of potato production, this has already paid off. In the short period of five years the International Potato Center (CIP) has assisted ISABU to develop and provide to farmers several varieties of highly-productive and disease-resistant potatoes that are in great demand. Collaboration with CIMMYT and IITA programs will help extend this problem-based, results-oriented research approach to other important crops, especially maize. Burundi's serious natural resource management problems will be addressed through collaboration with the International Council for Research on Agroforestry (ICRAF), building on lessons learned in A.I.D.'s Bururi Forest project.

The HRE training project will contribute to these research objectives by providing advanced degree training for a select number of Burundi agricultural scientists, who need improved skills to help them begin taking responsibility for the formulation and implementation of a research agenda truly responsive to Burundi's agricultural needs.

Improved production technologies count for little if there is no way to make them available to farmers. In Burundi, essential agricultural support systems for input supply--particularly improved seeds--are weak and fragmented. This problem has also been identified by the World Bank in preparing an upcoming \$50 million Agriculture Sector Credit. The Bank is seeking other donor support in developing an appropriate response, and USAID/Burundi intends to work with the Bank on this set of concerns. Although further analysis needs to be done, attention has centered initially on Burundi's private cooperative movement, which is beginning to play a dynamic role in rural areas. Cooperatives can provide the basis for extended private sector involvement in commercial agricultural input supply, but much work remains to be done to establish their independence and economic viability.

The Burundi government is generally supportive of cooperatives as a way to make agricultural inputs available to the farming population, and has expressed interest in a cooperative training program. The farmers and businesspeople who comprise the cooperative movement lack skills in cooperative management and a variety of other complementary areas needed to ensure sound growth and development. Using resources made available through the HRD training project, USAID/Burundi intends to lay a foundation for cooperative development by supporting training for cooperative leaders. USAID may--depending on the results of further discussions with government and other donors--follow through with a program to encourage cooperative-based private sector input supply, focusing particularly on improved seeds. Such a program, to begin in FY 88, would necessarily incorporate policy objectives as well as supportive programs.

In addition to direct impacts on production, these two mutually-supportive programs in agricultural research and private sector input supply will provide new and useful information about the rural economy to feed into an invigorated process of agricultural policy formulation. As A.I.D.'s familiarity with Burundi's agricultural circumstances grows, USAID will seek opportunities to enhance the level of policy discussion through seminars, special studies, and short-term technical assistance focused on substantive problems of national significance.

#### C. Fostering Employment Growth through Private Enterprise

Employment and income growth through encouraging private enterprise development is an important element in the overall strategy to help Burundi attain economic growth in the face of rapid population increase. Private enterprise development is needed to provide jobs for those who cannot make a living on the land, and it is also needed to provide essential marketing, input, and other agribusiness services required for growth in agricultural production. The Structural Adjustment Program will do much to create the conditions needed for employment growth and enterprise development, as will tariff and tax reform, but specific programs in support of small and medium scale business have a role to play as well. Initially, USAID/Burundi will focus on two inter-related activities (training and policy analysis), although there is a possibility in one or two years of developing a more comprehensive performance-oriented policy program to further improve conditions for enterprise development and employment growth. Each of these activities is outlined below.

There is a great need and a great demand in Burundi for private sector training in business management, accounting, and other skill areas essential to the efficient functioning of private enterprise. The HRD training project will devote 30-50% of its resources to private sector training by supporting on-going and emerging programs of relevant institutions, including the recently-invigorated National Chamber of Commerce and Industry. There is also a great need to broaden and improve the understanding of policy issues in private sector development in Burundi. To this end USAID/Burundi will support seminars, conferences, and policy studies for decision-makers in both public and private arenas, using resources made available through the HRD training project. Over time, this will help further the thinking of both the government and the donor community. Eventually, USAID/Burundi expects to identify, in concert with other donors, an important range of "second generation" policy objectives to consolidate and further the accomplishments of the Structural Adjustment Program in the realm of employment growth and enterprise development. Although it is far too early to suggest what these objectives might be, leading institutions in the private sector are currently concerned with improving the coverage and responsiveness of Burundi's financial infrastructure, and increasing access to information about export markets and appropriate production technologies.

#### D. Promoting A Population Program

Burundi needs to implement a strong population and family planning program. In recent years A.I.D. and other donors have supported a wide range of policy-related studies, seminars, and other activities, and the government has promulgated a very strong population policy. Nonetheless, Burundi has no effective population program today.

It is clear that unless Burundi succeeds in developing a full-scale national population and family planning program, there is little hope of fulfilling its economic and social development objectives. USAID/Burundi intends to offer near- and medium-term assistance to Burundi that will make a clear contribution to its effort to decrease the population growth rate and which will constitute the core of a coherent population and family planning program. In so doing, USAID/Burundi will work closely with other donors (primarily the World Bank and UNFPA) to provide support for substantial programs once a viable course of action emerges.

USAID/Burundi took the first step in this area by sponsoring a population needs assessment in October, 1986. The resulting report recommended a series of short-term activities that would support training of paramedical and medical personnel. However, a more directed, longer-range program is needed, adapted to the special social and geographic situation of Burundi. USAID/B envisages consultations with the GRB, and other donors, assisted by REDSO/ESA, to develop an articulated program approach. This could also involve AID/Bureau of Census assistance in undertaking Burundi's 1989 census. The target for an AID bilateral population initiative is FY 1989.

Whatever the pace of development of A.I.D.-funded population activities, USAID/Burundi will maintain support for improved child health care through expanded immunization programs and oral rehydration therapy. These activities afford an opportunity to be aware of policy and programmatic developments in maternal and child health care, which will in all likelihood continue to be important for population programming in the future.

#### E. A Foundation in Training

In a very real sense, Burundi did not get started on the process of national development until the establishment of the Second Republic in 1976. Solid progress has been registered in basic education, but medium and high-level technical and professional skills remain very scarce. This influences performance in both public and private sectors. USAID/Burundi will help lay a foundation in human resources by supporting a training program focused on the key problems of agricultural productivity improvement and enterprise development. The main elements of this program have been identified in previous sections on agriculture and enterprise development. By helping to develop skills among key categories of managers and technicians, USAID/Burundi expects to strengthen critical functions in the public and private sectors where improved performance can have a catalytic effect on the course of development in Burundi.

#### F. Staffing and Management Implications

This strategy has staffing and management implications which are consistent with the January, 1987 USAID Management Survey.

The GDO position must be continued to manage centrally- and regionally-funded short-term population assistance activities which will lead to development of a bilateral activity to begin in FY 1989. This is in addition to his current project management responsibilities in the human resources development area.

USAID/Burundi's program officer will have the responsibility of monitoring Burundi's progress toward macro-economic reform targets. He will also staff out policy issues related to economic growth, including both agriculture and employment generation.

Total USAID direct-hire staff over the planning period comprises five officers: AID Representative, Program Officer, Management Officer, Agricultural Development Officer and General Development Officer.

#### G. Next Steps

This strategy is designed to tackle Burundi's most fundamental development issues. It is also designed to be effectively realized within the next 12-18 months. This is how the program will emerge:

-- Steps have been taken to close down a number of existing activities, freeing management time and budget for execution of the strategy.

-- In the area of population, USAID has begun steps to develop a concrete program proposal to be presented to the government within the next several months. If the government is agreeable, USAID/Burundi will prepare a PID in FY 88 for a population program to begin in FY 89.

-- The HRD training activity is at the PID stage; PP preparation will take place in April in time for a third-quarter obligation in FY 87. Short-term training, seminars, studies, and long-term training starts in support of agriculture and enterprise development will commence in FY 88.

-- In the area of agricultural productivity, beginning in mid FY 87, the Mission will work with the World Bank to develop a program to address policy and institutional aspects of agricultural input supply, focusing initially on the narrow but key problem of improved seed distribution. Specific intermediary study(ies), as required to sharpen ideas for AID project interventions, will be undertaken during this period. The subsequent project design schedule will be predicated on a second-quarter FY 88 obligation.

-- In the area of enterprise development and employment, USAID has already begun to extend its range of contacts in the private sector and relevant areas of government. Beginning in early 1988, the HRD training project will provide resources for training, seminars, and special studies in the private sector. These activities will provide an opportunity for USAID and Burundi counterparts to reach an understanding of an appropriate approach to an effective program in support of small-medium enterprise development. A special study of the private sector may be required during this period, particularly as regards the private sector connections to agriculture generally. This period of consultation and study will extend into mid-1988. At that point USAID will make a decision on how to pursue program development.

The strategy implementation schedule laid out here is tight, but manageable. USAID/Burundi is committed to a substantial re-alignment of the A.I.D. program in support of Burundi's most critical development needs.



Annex A. USAID/Burundi Portfolio FY 1985-1992

<u>Project No. &amp; Title</u>	<u>LOP Funding (\$000)</u>	<u>Initial Year of Obligation</u>	<u>PACD</u>
1. <u>Projects Completed as of December 31, 1986:</u>			
695-0112, Rural Roads	1,087	FY 83	11-86
2. <u>Projects Terminating by December 31, 1987:</u>			
695-0103, Alternative Energy, Peat	9,000	FY 80	12-87
695-0105, Bururi Forest	1,144	FY 82	12-87
695-0109, Community Water & San.	330	FY 83	1-87
3. <u>Continuing Projects:</u>			
695-0101, Basic Food Crops (Seeds)	6,690	FY 80	9-88
695-0106, Small Farm.Syst. Research	7,790	FY 83	9-91
698-0421, CCCD	834	FY 85	1-88
698-0433, AMDP II and AFGRAD	open	FY 82	open
4. <u>Proposed Activities:</u>			
695-0121, Human Resources Dev.	4,750	FY 87	FY 92
695-xxxx, Ag Support	open	FY 88	FY 93
695-xxxx, Fam Planning	open	FY 89	FY 94
695-xxxx, Small Ent.Dev.	open	open	open

5. On-going Centrally-Funded Projects

Population and Family Planning (JHPIEGO/Westinghouse/AVCS)  
Educational Planning ("Bridges")

## Annex B. Other Donor Programs

Burundi has been successful in obtaining support from the international community. Foreign aid is averaging about \$150 million per year on highly concessional terms (2.7 percent average interest rate, 31 year maturity, and a grant element of 57%.) Multilateral donors play an important role: the IBRD/IMF program is substantial; the UNDP has recently presented a program totalling \$45 million for the period 1987 to 1991; and the African Development Bank and EEC are present as well. A total of 26 bilateral and multilateral donors have assistance activities in Burundi. The first ten, in descending order of importance, are shown in the table below; the balance of the donors represent less than 12 percent of the total.

In CY 1985 the distribution of aid (grants and loans) by donors among the principal sectors was as follows:

- Agriculture, Forestry & Fisheries	22.3%
- Education	16.1%
- Natural Resources	14.1%
- Health and Water	10.0%
- Balance (10 remaining sectors)	37.5%

With the exception of the Ministry of National Education, there are no government coordinating mechanisms. Donor coordination is effected by informal meetings among bilateral and multilateral donors about six times a year, and chaired informally by the UNDP Resident Representative. Under the aegis of the UNDP, sectoral and sub-sectoral studies have been prepared, particularly in education, agriculture and rural development, and health. As these studies are completed, the U.N. Resident Representative chairs meetings for donors to discuss the results and recommendations, and how they may affect ongoing and planned activities.

### DONOR EXPENDITURES BY COUNTRY OF ORIGIN - 1985 (\$'000)

SOURCE	TECHNICAL ASSIST. (GRANT) AMOUNT	%	FINANCIAL ASSIST. (GRANT) AMOUNT	%	FINANCIAL ASSIST. (LOAN) AMOUNT	%	TOTAL	%
FRANCE	8406	13.4	4445	17.3	9141	13.8	21992	14.2
BELGIUM	15199	24.1	523	2.0	4096	6.2	19818	12.8
IBRD	105	0.2		0.0	19230	29.0	19335	12.5
REP. FED. GERMANY	5197	8.3	11609	45.2		0.0	16806	10.9
UN	7814	12.5	3424	13.4	4890	7.2	16128	10.5
AFDB		0.0		0.0	15874	23.9	15874	10.3
USA	9322	14.9		0.0		0.0	9322	6.0
EEC	6369	10.1		0.0	215	0.3	6584	4.3
JAPAN	116	0.2	5672	22.1		0.0	5788	3.7
HOLLAND	1690	2.7		0.0	4042	6.1	5732	3.7
BALANCE(16 OTHERS)	8497	13.6	0	0	8887	13.5	17384	11.1
TOTAL:	62715	40.5	25673	16.6	66375	42.9	154763	100.0